



**Meeting:** COUNCIL

**Agenda Item:**

**3**

Portfolio Area: Resources

**Date:** 23 JANUARY 2013

## **ADOPTION OF A COUNCIL TAX SUPPORT SCHEME**

### **KEY DECISION**

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### **1. PURPOSE**

- 1.1** To propose arrangements which will enable the Council to implement a local Council Tax Support scheme (CTS), from April 2013.
- 1.2** To update members on the findings and outcomes of the consultation arrangements for the proposed local CTS scheme carried out over a nine week period between 5 August and 13 October 2012, and further consultation which took place on 15 December 2012.
- 1.3** To recommend a local CTS scheme based upon the outcomes from the consultation process and achieving, as far as reasonably practicable, a financially neutral position in 2013/14 (the first year of operation).
- 1.4** To present financial and equality impacts of the recommended CTS scheme for Stevenage residents.

### **2. RECOMMENDATIONS**

- 2.1** To consider the findings and outcomes from the CTS consultation carried out with residents and other stakeholders as set out in section 4.3 of this report and the Consultation Report attached at Appendix C.

- 2.2 To consider the findings on equalities and other impacts arising from the proposed CTS scheme as set out in paras. 4.4.19 and 4.4.20 of this report.
- 2.3 To approve the forecasted financial implications arising from the recommended CTS scheme with effect from 1 April 2013 and the risks and assumptions attached to these as set out in para. 4.8.1 of this report.
- 2.4 That Council adopt the CTS Scheme proposed within this report.
- 2.5 That Council give delegated authority to the Strategic Director (Resources) to apply annual uprating to the scheme when received.
- 2.6 That the Council approves the reduction of Council Tax exemption for class A and class C dwellings from 100% to 10% with effect from 1 April 2013, with no grace period.
- 2.7 That the Council approves the reduction of Council Tax discount for second homes from 10% to nil with effect from 1 April 2013, with no grace period.

### **3. BACKGROUND**

- 3.1 On the 11 December 2012 the Executive considered a report on a draft local CTS scheme based upon the outcomes from the consultation process. In addition, they considered the financial and equality impacts of a proposed scheme for Stevenage residents.
- 3.2 An extract of the relevant minutes from the Executive are attached in Appendix E.
- 3.3 The adoption of the final CTS scheme is a decision reserved for Council in accordance with Local Government Finance Act 2012. The remainder of this report deals with the proposed scheme, the consultation outcomes, the financial and equality impacts and changes to Council Tax exemptions and discount.
- 3.4 **Government Proposals and Main Principles**
  - 3.4.1 The Government made provision within the Local Government Finance Act 2012 to replace the current national Council Tax Benefit (CTB) scheme from 1st April 2013 with localised schemes for CTS devised by individual local authorities (LAs).
  - 3.4.2 The current CTB scheme does not have any direct financial impact on the Council. It is a demand led benefit, where the Government fully refunds the Council for the benefit it has paid out. In contrast, the new CTS will be a Council Tax discount based scheme (like single person discounts). This will reduce the taxbase and therefore the Council Tax collected by SBC for itself and its preceptors. To compensate Council's for the lost Council Tax, Government will provide a grant but only at 90% of the cost of current CTB, so the Council and its preceptors will have to bear the 10%, or devise a CTS scheme that delivers the 10% saving. The new CTS scheme will continue to

be demand led, but with a fixed grant from central Government – thus transferring the risk of increased caseloads as have been seen over the last few years

- 3.4.3** Responsibility within central Government for CTS has passed from the Department of Work and Pensions (DWP) (responsible for the existing national scheme) to the Department for Communities and Local Government (DCLG) (responsible for the localised provision from April 2013).
- 3.4.4** As highlighted above, the headline reduction is 10% but draft figures issued by DCLG indicate that the reduction for the Council is closer to 13%. This is because the Government announced they are intending to use projected 2013/14 expenditure to ‘size’ the national funding pot for CTS. Current Government projections are that expenditure levels on current CTB were to fall in 2013/14, so the size of reductions needed when deciding on local schemes increases from 10% to around 13%, as the national pot is likely to shrink.
- 3.4.5** CTB Claimants do not receive their benefit in cash – instead their Council Tax bill is credited with the benefit, so many (those in receipt of 100% benefit) do not pay any element of their Council Tax at present.
- 3.4.6** The Council Tax for a band D property in Stevenage made up as follows:

Authority	2013/14 Council Tax	(%)
Hertfordshire County Council	£1,118.83	76.89
Stevenage Borough Council	£188.52	12.96
Hertfordshire Police Authority	£147.82	10.15
<b>Total</b>	<b>£1,455.17</b>	<b>100.00</b>

The table above clearly shows that over 75% of the impact will be on Hertfordshire County Council (HCC). In contrast, Stevenage Borough Council (SBC) as the billing authority are responsible for designing, approving and taking all decisions on the new CTS scheme (after due consultation), even though it will only bear around 13% of the consequences.

- 3.4.7** LAs have a duty to run a local CTS scheme within their area that must contain the following:
- a) Pensioner claimants will be protected from changes to their existing CTB award through the provision of a statutory scheme. The protection for pensioner claimants will result in the 10% financial saving referred to in para. 3.4.2 above falling disproportionately on working-age claimants unless it can be met through other arrangements.
  - b) Schemes must support work incentives. The DCLG Policy Statement of Intent does not give a recommended approach to be taken, but indicates the scheme should not contain features which create dis-incentives for claimants finding employment.

- c) LAs must ensure that appropriate consideration has been given to support for other vulnerable groups, including those which may require protection under other statutory provisions including the Child Poverty Act 2010, the Disabled Persons Act 1986 and the Equality Act 2010, amongst others.
- 3.4.8** The DCLG has issued Policy Statements that address a range of issues including the following:
- a) Vulnerable People and Key Local Authority Duties;
  - b) Taking work incentives into account;
  - c) Information Sharing and Powers to Tackle Fraud.
- 3.4.9** The Local Government Finance Act 2012 states that a Billing Authority must have regard to any guidance issued by the Secretary of State. The recommended scheme has sought to address these requirements and is outlined within this report and associated appendices.
- 3.4.10** Under the Local Government Finance Act 2012, the Council must, in the following order, consult with major precepting authorities (i.e. Hertfordshire County Council and Hertfordshire Police Authority), publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 3.4.11** The decision to make the scheme is reserved for Full Council and cannot be delegated.
- 3.4.12** Once a local CTS scheme has been made by the Council, it cannot be revised for at least one financial year. A Billing Authority (SBC) must however consider whether to revise or replace its scheme with another one on an annual basis. In practice, this would require any proposals to amend the scheme to be drafted in the summer months to enable consultation and decision making processes to be concluded in time for Council Tax annual billing preparations.
- 3.4.13** Any revision to a scheme must be made by the Council by the 31st January, immediately proceeding the financial year in which it is to take effect and will require consultation with those affected. Additionally, in future, consideration should be given to providing transitional protection where the support is to be reduced or removed.
- 3.4.14** Existing CTB claimants on 31st March 2013, including those that have applied for benefit but not yet had their entitlement determined, will not need to reapply for CTS, as their application will be treated as though it were made for Council Tax Support. This was outlined within the DCLG's Policy Statement of Intent dated 17th May 2012.
- 3.4.15** The implementation of the local CTS scheme coincides with other major reforms to the Welfare system including:

- a) Universal Credit;
- b) the overall Benefit income cap;
- c) Housing Benefit restrictions for under-occupation in the social sector;
- d) Devolvement of certain Social Fund functions from central to local government;
- e) The combined effect of these changes is likely to result in some claimants being affected by multiple changes arising from the reforms.

#### **4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

##### **4.1 The Proposed Council Tax Support Scheme (pre consultation)**

**4.1.1** The Council firstly needed to decide how to treat the funding cuts attributed to protected groups, through two principles:

**Principle 1 :** How to treat the funding cuts attributable to the protected pensioners group; and

**Principle 2 :** How to treat the level of funding cuts required if protections to other groups were agreed.

**4.1.2** The Executive agreed that the level of funding cuts associated to the pensioner group are not made at the expense of the remaining claimant population, however, any protections made to working age claimant groups would require the equivalent funding cuts to be met from the remaining unprotected working age claimants.

**4.1.3** The Executive then agreed to undertake consultation concerning its proposed draft scheme, which comprised the following options and features for working age claimants set out below. These options were based on the principle of keeping the proposed scheme largely the same as the current CTB scheme, providing options to protect certain categories of claimants and delivering the 10% funding cut required without the burden falling on the wider taxpayer or at the expense of other Council services:

### **Option 1**

Replicate the current scheme, but reduce the amount of CTS paid to Working Age Claimants by 10%.
<b>Option 2</b>
As option 1 but with protection for the following vulnerable group: <ul style="list-style-type: none"><li>▪ Single parent or couple with the youngest child under five years of age</li></ul>
<b>Option 3</b>
As option 1 but with protection for the following vulnerable group: <ul style="list-style-type: none"><li>▪ Households with a disability premium on the benefit claim</li></ul>
<b>Option 4</b>
As option 1 but with protection for the following vulnerable group: <ul style="list-style-type: none"><li>▪ Single parent or couple with the youngest child under five years of age</li><li>▪ Households with a disability premium on the benefit claim</li></ul>

**4.1.4** The Executive agreed that Option 1 was to be the preferred option but wanted to seek views on the other options relating to protections as well. In addition, as part of the consultation with preceptors, officers were requested to explore the option of establishing a hardship fund to address any unintended consequences of implementing this proposal. Officers were also requested to liaise with other precepting bodies, on whose behalf the Council collects Council Tax, to make a fair contribution to the fund.

## **4.2 Consultation Arrangements**

**4.2.1** The consultation period of 05 August to 13 October (i.e. 9 weeks) was shorter than the 12 weeks recommended in the Government's Code of Practice on consultation. However, the DCLG advised that authorities should consider the length of consultation depending upon the impact of the proposals and their ability, for example, to complete the consultation exercise within budgetary timetables.

**4.2.2** Additionally, it was indicated within the DCLG Policy Statement of Intent dated 17th May 2012, that if a shortened period was to be applied the reasons for this should be given.

**4.2.3** To this extent, the Executive agreed a shortened period in order to allow sufficient time to evaluate the responses received and to meet the Council's budget setting timetable. The timescale also reflected the need to provide sufficient opportunity to receive and test software, and prepare for annual billing and year end arrangements. Full details of the consultation and analysis of results is included in the Consultation Report attached as Appendix C to this report.

**4.2.4** In compliance with the Council's consultation obligations, a range of approaches were used to obtain views and comments for the proposals of the Council's local CTS scheme as set out below:

- a) All consultation documentation including an on-line questionnaire was available on the Council's website - [www.stevenage.gov.uk/council-tax/ctaxbconsultation](http://www.stevenage.gov.uk/council-tax/ctaxbconsultation);
- b) Letters outlining the consultation arrangements were sent by post on 5 September 2012 to all Working Age Claimants (5,017 sent) to inform them of the nature of the consultation and requesting their feedback via an enclosed questionnaire;
- c) A specific email address was provided and included on consultation documentation to deal with any requests for information or to log supplementary comments. All correspondence has been logged and has served to inform this report;
- d) A focus group meeting was held on 10 October 2012 with 12 Council Tax Benefit claimants;
- e) Meetings and presentations were held with organisations, including the voluntary sector;
- f) Awareness raising of the consultation was undertaken via social media;
- g) Paper copies of the documentation were distributed upon request and were available in the Customer Services Centre;
- h) Alternative formats of consultation documentation were available on request;
- i) A feature on the consultation was published on the Council's website and the consultation was publicised in the local media at the commencement of the consultation;
- j) A letter outlining the consultation arrangements and how to access the consultation documentation were also sent to the MP;

### **4.3 Consultation Responses - Analysis**

**4.3.1** The questionnaire used for the consultation analysis was made available on the Council's website and sent to all working age claimants.

**4.3.2** Respondents were asked to give their opinion on a range of options including a 10% reduction for all working age claimants, 10% reduction for families with children aged under five, 10% reduction for people with disabilities as well as

proposals to reduce the discount on empty properties and abolish the second home discount. A full list of questions is in Appendix C.

**4.3.3** There were 1,100 consultation questionnaire responses received, comprising of 665 postal responses, 400 telephone interviews, and 35 online responses.

**4.3.4** The size of the postal questionnaire consultation response represents 13% of the target group.

**4.3.5** Details of the consultation findings in general may be summarised as follows:

- a) The Council undertook consultation on its proposals for replacing the existing national Council Tax Benefit scheme with a local CTS scheme in compliance with draft statutory requirements.
- b) The consultation period of nine weeks commenced 6th August and closed 13th October 2012. The consultation programme consisted of a wide range of methods of consultation including postal, telephone, on-line, focus group, face to face and social media. In total there were 1,169 responses to all methods of consultation. These include:
  - 1,100 consultation questionnaire responses were received comprising of 665 paper responses, 400 telephone interviews and 35 online responses.
  - Twelve working age CTB claimants attended the focus group.
  - A Café Choice consultation session was held in the town centre with residents commenting on the proposal and 57 residents completed the questions about the scheme.
- c) Giving the differing methodologies these results are not statistically comparable, but nonetheless they all follow a general trend (for details of the responses please refer to Appendix C). The pattern of responses to the questions is as follows:
  - When asked if they agreed that CTS should be reduced by 10% to all working age claimants the majority of people disagreed, with 32% of the total sample who strongly agree or agree and 54% who strongly disagree or disagree.
  - When asked about reducing by 10% the support for families with children under five approximately 25% of the total samples either strongly agree or agree and 61% strongly disagree or disagree.
  - When asked about reducing by 10% the support to people with disabilities approximately 19% of the total samples either strongly agree or agree and 72% strongly disagree or disagree.



- Respondents were then invited to comment on the three proposals to raise funds to cover the reduction in monies available for CTS. There was overwhelming support for the proposal to reduce to 10% the council tax exemption for homes left empty for up to six months. Approximately 70% of the total sample either strongly agree or agree and 15% strongly disagree or disagree with this proposal
  - There was overwhelming support for the proposal to reduce to 10% the Council Tax exemption for homes left empty for up to twelve months while major structural repairs take place. Approximately 62% of the total sample either strongly agree or agree and 19% strongly disagree or disagree with this proposal.
  - The final proposal is to fund part of our new CTS scheme by abolishing the council tax exemption for second homes. Approximately 78% of the total sample either strongly agree or agree and 11% strongly disagree or disagree with this proposal.
  - The consultation programme demonstrated that there was overwhelming support for the three proposals about the exemptions suggested to fund the reduction of money provided by the Government. Consequently, no further consultation will take place on these proposals.
- d) However, following the results of the consultation about the reduction in support available to working age claimants an amendment to the proposal was made. The Council is proposing rules which say that Council Tax Support will be based on 91.5% of people's Council Tax net liability (the consultation originally proposed 90%), rather than 100%. This means that everyone currently on Council Tax Benefit (who is not a pensioner) will have to pay the first 8.5% of their Council Tax, before they get any of the new Council Tax Support. In response to this change, a further consultation event took place at a Café Choice on the 15 December, the results of which highlighted that 79% of respondents either agreed or agreed strongly that the new proposal lessened the impact on working age claimants. Details are included in Appendix C.

#### **4.4 The Proposed Council Tax Support Scheme (post consultation)**

- 4.4.1** Section 9 of the Local Government Finance Act 2012 by a proposed amendment to section 13a (2) of the Local Government Finance Act 1992 requires each Local Authority to produce its own scheme to reduce the Council Tax liability of persons it considers to be in financial need. This document contains the proposed CTS Scheme which the Council is required to produce under the provisions of Schedule 4 of the Act. The formal scheme document is attached in Appendix B. That document contains financial elements which are subject to change following uprating to be announced by central Government. It is therefore recommended that Council give delegated authority to the Strategic Director (Resources) to update the document as required.

- 4.4.2** As the Section 13a scheme document referred to above is technical in nature, officers within the Revenues and Benefits Partnership have created an 'easy read' guide (see Appendix A) to the scheme which will be made available to staff and the public via our website.
- 4.4.3** The Council's proposed scheme has been established with due regard to the Council's statutory obligations and consultation responses, while still achieving the necessary financial savings to meet the funding deficit. The detailed legal implications concerning these, including the public sector equality duty, are set out later in this report.
- 4.4.4** The permutations of options and variations for a CTS scheme are almost infinite and a variety of options and variations were considered prior to the consultation process by officers and through discussions with a Member Reference Group. These were used to arrive at the proposed draft scheme approved by the Executive and formed the basis of public consultation.
- 4.4.5** The CTS scheme complies with the Government's key principles of protecting Pensioner claimants from changes in their existing CTB award, supports work incentives, and was drafted with regard to appropriate consideration to vulnerable groups.
- 4.4.6** The manner in which this is achieved in relation to the DCLG policy Statement of Intent is set out below.
- 4.4.7** **Armed Forces Covenant** - The Covenant sets out the relationship between the Nation, the State and the Armed Forces and recognises that the whole nation has a moral obligation to members of the Armed Forces and their families, and it establishes how they should expect to be treated. It exists to redress the disadvantages that the Armed Forces community faces in comparison to other citizens, and to recognise sacrifices made. In some cases this will require special consideration, especially for those who have given the most such as the injured and the bereaved. In consideration of the above and following comments made during the consultation the recommended scheme reaffirms that in addition to war widow's, war widower's and war disablement pensions, guaranteed income payments (including survivor's guaranteed income payments under the Armed Forces Compensation Scheme) be disregarded in full for working age claimants thus ensuring that receipt of these incomes does not impact upon their Council Tax Support entitlement.
- 4.4.8** It is also important to note that under Government regulations, which will apply to all LAs, only £10 per week can be disregarded from the receipt of the above pensions. SBC currently operates a local policy whereby these pensions are disregarded in full, but this will cease under the new prescribed statutory provisions for pensionable age claimants. There are only currently 21 war pension cases, of which 5 cases are working age claimants. Customers affected by this change, and of these less than half are in receipt of 100% Council Tax Benefit, will continue to be entitled to this amount of support next year.

**4.4.9 Child Poverty Act 2010** - The principles enshrined within the recommended CTS Scheme support the objectives of reducing and mitigating the effects of child poverty through the following means:

- a) Child Benefit shall be completely disregarded as a claimant's income thus ensuring that their entitlement to CTS is unaffected by the receipt of this income.
- b) Premiums and allowances shall be used to determine a claimant's basic living needs, with amounts being determined for each child and young person resident in the claimant's household.
- c) The provision of disregards for child care costs will be applied within the scheme, up to a maximum prescribed level of £175 per week for one child and £300 for two or more children.

**4.4.10 Incentivising Work** - The provision of extended payments for the first four weeks after a claimant commences work, will be applied where they meet certain prescribed requirements through the recommended scheme.

**4.4.11 Equalities Implications** - The Equality Act 2010 S149 sets out the public sector equality duty which requires the Council, when exercising its functions (including those as an employer) to have 'due regard' to the need to eliminate discrimination (both direct and indirect discrimination), harassment and victimization and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic.

**4.4.12** A 'protected characteristic' is defined in the Act as:

- a) age;
- b) disability;
- c) gender reassignment;
- d) pregnancy and maternity;
- e) race; (including ethnic or national origins, colour or nationality)
- f) religion or belief;
- g) gender;
- h) sexual orientation;
- i) marital status.

**4.4.13** Marriage and civil partnership are also a protected characteristic for the purposes of the duty to eliminate discrimination.

**4.4.14** Due regard must also be given to the need to take steps to meet the needs of such persons where those needs are different from persons who do not have that characteristic, and encourage those who have a protected characteristic to participate in public life. The steps involved in meeting the needs of disabled persons include steps to take account of the persons' disabilities. Complying

with the duty may involve treating some people better than others, as far as that is allowed by the discrimination law.

- 4.4.15** Due regard to the need to eliminate discrimination, advance equality, and foster good relations must form an integral part of the decision making process. The Council must consider the effect that implementing a particular policy will have in relation to equality before making a decision.
- 4.4.16** There is no prescribed manner in which the equality duty must be exercised. However, the Council must have an adequate evidence base for its decision making. This can be achieved by gathering details and statistics on who use the facilities. A careful consideration of this assessment is one of the key ways in which the Council can show “due regard” to the relevant matters. Where it is apparent from the analysis of the information that the proposals would have an adverse effect on equality then adjustments should be made to avoid that effect (mitigation).
- 4.4.17** The duty on public authorities is to bring important objectives relating to discrimination into consideration when carrying out its functions. “Due regard” means the regard that is appropriate in all the particular circumstances in which the authority is carrying out its functions.
- 4.4.18** At the same time, the Council must also pay regard to any countervailing factors, which it is proper and reasonable for them to consider. Budgetary pressures faced by the Council form part of the analysis shown in the equality impact assessment.
- 4.4.19** The proposed scheme will impact on approximately 4,777 existing working age claimants.
- 4.4.20** An equalities impact assessment has been undertaken and is attached at Appendix D to this report. In summary, the main issues and conclusions reached through the assessment were as follows :
- a) The proposed CTS Scheme will have a negative impact on everyone receiving Council Tax Benefit, who is not of pensionable age. Everyone who is affected will have a reduction in the financial help they receive towards their Council Tax bills.
  - b) This reduction is applied by a change in the rules of entitlement to financial support, which requires 8.5% of any Council Tax bill to be paid (consultation proposed 10%), irrespective of the claimant’s personal circumstances or ability to pay. This does not apply to pensioners, who are unaffected by the proposed scheme
  - c) An assessment of the impact on claimants with protected characteristics shows that is no discrimination in terms of sexual orientation, gender reassignment or specific age groups.

- d) With reference to race, gender, religion and belief, marital status and pregnancy and maternity, the Council does not hold sufficient information about claimants with these characteristics, in order to make a thorough assessment of the impact on them of the proposed scheme.
- e) The Strategic Director (Resources) intends to ensure that sufficient information is collected about the groups mentioned above, so that a better analysis of the effect of the scheme on equality can be made before its first annual review.. This will help address questions about whether certain ethnic groups are disproportionately reliant on Council Tax Benefit and whether certain groups are prone to having larger families and may experience a greater impacts, particularly if they undergo a cumulative effect from other welfare reform changes such as the 'bedroom tax'. This future analysis will also help form a view about whether the scheme is 'gender neutral'.
- f) Claimants who are disabled, are carers, are pregnant or have children aged under five, have obvious restrictions on their ability to work and increase their income. The proposed scheme does not address these claimants' different levels of ability to pay an increase in their Council Tax Bill. As a result, the requirement on these groups to pay 8.5% of their Council Tax, before CTS is awarded, is likely to have a disproportionate negative impact on them.
- g) The Council recognises it's duty to consider the need to remove or minimise the disproportionate disadvantage certain groups of claimants with protected characteristics will experience, as a result of the proposed scheme. However, given the financial pressure placed on the Council by central Government cuts in the funding available to pay CTS, and the wider government funding reductions for local government there is no acceptable alternative option but to reduce the support to working age claimants. However, following consultation, attempts have been made to reduce the impact on claimants by requiring them to pay the first 8.5% of their net Council Tax liability, rather than the 10% proposed during the consultation. Officers have also explored alternative funding sources within the Council's General Fund Budget, but have failed to identify any acceptable alternative budgets that could be diverted to support the scheme. In addition, both the County Council and Police Authority have requested SBC to design a scheme that was financially sustainable without the need for either of the preceptors to have to make cuts elsewhere within their budgets.

## **4.5 Financial Implications**

- 4.5.1** A consultation paper on technical funding arrangements, with indicative allocations, was issued by DCLG on 17th May 2012. The consultation exercise for this ended on 12th July 2012 and details of the provisional allocation has been received.

- 4.5.2** It is proposed that funding will be allocated using the Government's forecasts of subsidised CTB expenditure in 2013/14, apportioned using the percentage of the overall spend made by individual authorities in 2011/12 (when audited). No allowance will be made for the proportion of pensioners to working age claimants within each authority. Indicative grant allocations based on the apportionment of expenditure in 2010/11 have been issued, indicating that Stevenage will receive £832,000 i.e. 90% of current CTB spend x 12.96% proportionate share.
- 4.5.3** Taking account of the above methodology, using the indicative allocations based on the 2010/11 expenditure, and assuming the £832,000 allocation is not changed, Stevenage is likely to see a reduction of 12.71% rather than the headline 10%. This takes account of a projection of the total amount of Council Tax likely to be awarded and the indicative grant from central Government. The funding will be fixed and assimilated into the Business Rates reforms from 2014/15 and will not take account of any growth in caseload or expenditure during 2013/14 or beyond, which will also now have to be fully met by SBC and its preceptors.
- 4.5.4** It should be noted that the Council will share the financial risk associated with the new arrangements with its precepting authority's i.e. Hertfordshire County Council and Hertfordshire Police Authority. This is because CTS will be treated as a Council Tax discount, thus reducing the Council Tax base, rather than a rebate coming off a much higher tax base as is the current position. Thus, where demand for CTB support increases (or decreases) compared to the forecast, the surplus or deficit arising on the collection fund will be shared between SBC, the County Council and Police Authority at the end of the year.
- 4.5.5** The CTB caseload has grown by 1.84% in the 12 month period ending 31st March 2012 and this has resulted in growth equivalent to a 3.12% expenditure increase of £221,000. Current forecasts for 2012/13 indicate growth of approximately £53,186 or 0.70%. A similar increase is currently anticipated for 2013/14 and has been modelled within the financial implications. Changes in the general economic climate during 2012/13 and beyond, will also impact upon the overall caseload trend. It is also worth noting that the Government, as a result of the latest Comprehensive Spending Review, is currently assuming that CTB expenditure would be falling in 2013/14, whilst officer's hold a contrary view, based on current trends, that it will be rising.
- 4.5.6** If the future CTS caseload increases beyond current predictions, the increased cost will be shared with the County Council and the Police Authority, on the basis shown in para 3.4.6 above.
- 4.5.7** It is also important to note that whilst Council Tax increases clearly generate more revenue for the Council, they also produce a proportionate increase in CTS expenditure.
- 4.5.8** There are anticipated to be further consequential costs arising from the implementation of the local CTS scheme. These are expected to include the

following which will need to be more specifically quantified when the Council's local CTS scheme has been determined by the Council.

- a) Impact on cash flow arising from delays in collecting Council Tax and the payment of the precept to the County Council and Police Authority;
- b) Increased levels of Council Tax non collection and hence an increase in the bad debt provision;
- c) Increased costs of Council Tax collection arising from the need for additional personnel, increased volumes of notices impacting upon paper, enveloping, postage and printing costs, bailiff costs etc.;
- d) Increased local CTS scheme administration costs;
- e) Additional software costs.

**4.5.9** Additional challenges are anticipated in collecting Council Tax arising from the implementation of CTS. Difficulties in achieving full collection on the accounts affected may result in an overall collection rate that is less than the 98% currently built into the Council Tax Base. This will be reviewed for 2013/14 based on the impact of the scheme on Council Tax collection. The assumed collection rate used in the Council Tax Base setting for 2013/14 will need to be given careful consideration, as any anticipated reduction in future Council Tax collection rates would have the effect of increasing the Band D Council Tax, unless a corresponding reduction in Council expenditure were to be provided. An overly optimistic collection assumption could lead to a need to declare a deficit on the Collection Fund in later years. Consideration will also need to be given to the other potential financial effects of the proposed scheme on the Collection Fund, to prevent a deficit position from occurring (i.e. the scheme would need to raise sufficient additional Council Tax revenue).

**4.5.10** The Government has provided set-up funding of £84,000 for Stevenage with a further £27,000 being provided to the County Council in its capacity as a major precepting authority. It is anticipated that software costs are likely to account for a significant proportion of these funds. The Government is currently evaluating administrative funding as a new burden.

**4.5.11** Other financial implications may arise from applications made under existing powers contained within Section 13A of the Local Government Finance Act 1992. In general terms, these permit a Billing Authority to grant a discount where a person is liable to pay Council Tax in respect of a dwelling and to reduce the amount they have to pay to such extent as it thinks fit. This power includes a provision to reduce the amount payable to nil and can be exercised in relation to particular cases, or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

**4.5.12** This provision has not been widely used in the past, but as a consequence of the changes to Council Tax Benefit, the cessation of Discretionary Housing

Payments and the wider welfare reforms, is anticipated to lead to an increase in the number and hence value of such requests. Any discount that may be granted under this provision will need to be met from the General Fund although this provision has been assumed within the overall collection rates modelled. With reference to para. 4.5.11, the Council could consider the application of this section to existing Council Tax Benefit claims for persons of pensionable age where a war widow's pension, war widower's pension or war disablement pension are received and which cannot be disregarded (i.e. ignored) as income under the new national rules for persons of pensionable age.

## **4.6 Meeting the Funding Deficit**

**4.6.1** There are potentially four permutations available for meeting the deficit projected from the implementation of the local CTS scheme and they are as follows:

- a) Subsidisation of the current scheme by the Council via savings elsewhere in the General Fund;
- b) Reductions in Council Tax exemptions and discounts to generate more Council Tax revenue to offset the deficit;
- c) To devise a new CTS scheme to reduce projected expenditure levels;
- d) A combination of the above.

**4.6.2** CTS Scheme options have been modelled on the assumption that a potential funding deficit would be financed from a combination of the options shown in Table 1 and Table 2 below, thus minimising the potential cost falling on the general Council Tax payer. Therefore, any proposed variations to reduce the impact on affected claimants would potentially require compensating reductions, or changes elsewhere, to meet the deficit from the General Fund or from other claimant groups.

**4.6.3 Council Tax discounts and exemptions** - Following separate consultations, DCLG are proposing to allow Local Authorities discretion concerning some of the currently nationally set Council Tax discounts and exemptions. Broadly, these are as follows:

- a) **Class A** exemptions (i.e. properties requiring major repair works or structural alterations to bring them back into a habitable condition) currently attract up to a 12 month exemption period. The proposal will permit LAs to award a discount within a range of 0% to 100% for the 12 month period.
- b) **Class C** exemptions (i.e. unoccupied and unfurnished properties) currently entitle their owners to up to a six month exemption period. The proposal will permit LAs discretion to award a discount or discounts within



the range of 0% to 100% for specified periods of time within the 6 month period.

- c) **Second homes discount** (empty furnished properties, including both second homes and rented properties vacant between tenancies) currently entitles owners of the property concerned to a 10% discount. The proposals permit removal of this discount.
- d) **Long-term empty properties** currently require their owners to make full payment of Council Tax. The proposals permit LAs to apply a multiplier or premium after the property has been empty for over two years of up to 150% of the Council Tax liability, to encourage their owners to bring them back into use.

**4.6.4** Changes to the exemptions detailed in (a), (b) and (d) would have a financial impact on the Council's Housing Revenue Account.

**4.6.5** The Executive agreed to consult on all the exemptions and discounts outlined in para. 4.6.3 with the exception of (d.) Premiums on long term empty properties. The following table summarises the options proposed:

<b>Option 6</b>
Remove the 10% Council Tax discount on Second Homes and implement a 100% charge with effect from 1 April 2013.
<b>Option 7</b>
Reduce the 100% Class A exemption (Vacant dwelling undergoing repair or alteration) to 10% with effect from 1 April 2013.
<b>Option 8</b>
Reduce the 100% Class C exemption (Vacant dwelling for up to 6 months) to 10% with effect from 1 April 2013.

**4.6.6** Table 1 below shows the effects of the changes proposed for Council Tax exemptions and discounts. Subject to approval, and based upon the achievement of a 98% collection rate for the additional Council Tax debit raised, the deficit arising from the global CTS funding gap may be mitigated by £408,200. Table 3 shows the effect of the proposals on the potential CTS scheme funding shortfall.

**4.6.7** In submitting these proposals for consideration, the following information is provided taking into account the results of the consultation in support of the changes concerned:

- a) A 10% discount rather than 100% discount for properties that would otherwise qualify for Class A and C exemptions. It is hoped this will encourage owners to have their properties promptly reoccupied and thus contribute towards reducing homelessness objectives;

- b) Landlords will have to pay full Council Tax on their empty properties in between lettings regardless of whether they are furnished or not. Currently, owners of furnished properties pay 90% as the property is treated as being a second home and owners of unfurnished property receive a six month exemption. This proposal will assist in providing an incentive to minimise any “occupation gap” between tenancies. The Council is not proposing any grace period between lettings;

**4.6.8** The changes proposed are summarised in the following table:

**Table 1 – Changes to Council Tax Exemptions**

Type of discount / exemption and number of existing cases	Current position	Proposed change	Additional taxation yield
<b>Class A - uninhabitable (47 properties)</b>	Max. 12 month exemption – 100% discount	Max. 12 month exemption – 10% discount	<b>£17,741</b>
<b>Class C - Unoccupied and unfurnished (2,662 properties)</b>	Max. 6 month exemption – 100% discount	Max. 6 month exemption – 10% discount	<b>£385,313</b>
<b>Total Class A &amp; C</b>			<b>£403,054</b>
Less 2% bad debt *			(£8,062)
<b>Sub Total</b>			<b>£394,992</b>
<b>Second Homes (316 properties)</b>	10% discount	0% discount	£11,872
Less 2% bad debt			(£237)
<b>Total (3,025 properties)</b>			<b>£406,627</b>
Less : HCC share (76.89%)			£312,656
Less : HPA share (10.16%)			£41,313
<b>SBC total share</b>			<b>£52,658</b>

\* Bad Debt provision – A provision for non-collection of 2% has been included within the financial model, representing the fact that taxpayers may no longer be resident inside the borough following the vacation of their home, together with a potential increase in the number of relatively small Council Tax debts arising for short periods of time, when the property was unoccupied.

**4.6.9** These changes to exemptions will create a financial impact for the Housing Revenue Account (HRA). Current forecasts relating to void periods within the Council's housing stock would indicate a £30,000 pressure for 2013/14. This pressure will be incorporated within the HRA budget for 2013/14.

**4.6.10 Proposed Council Tax Support Scheme** – The final proposed CTS scheme design as informed by the results of consultation and from the results of the equalities impact assessment can be summarised as follows:

- a) That the CTS scheme for all working age claimants will be based on 91.5% of their council tax liability. This figure has been reduced from 10% by 1.5% following the updating of the financial implications, assessment of the equality impacts and consultation feedback;
- b) That no specific protections for claimant groups (except for pensioners) are applied;
- c) All local discretions currently in place will continue e.g. war pension disregards;
- d) All other aspects of the new CTS scheme to mirror current CTB scheme.

**4.6.11** The CTS scheme proposed following the consultation process and as outlined within this report is projected to deliver gross savings of **£425,100** (prior to adjustment for non collection).

**4.6.12** A collection rate of 70% has been estimated for the purposes of the proposed financial model for the additional Council Tax, requiring collection from claimants who may never have had to pay Council Tax previously, or who are the least able to pay. This cannot be predicted with more precise certainty at this stage, due to the uncertainty of future claimant behaviour. However, the financial impact of the proposals prior to the consultation process and subsequently adjusted based upon the responses received, can be represented as shown in Table 2 shown on the following page:

**Table 2 – Scheme Design and Savings**

	Scheme Proposals Consulted On	Scheme Proposals Dec Executive	Scheme Proposals Recommended
1. Working age claimants to pay first 8.5% of Council Tax liability	<b>10%</b>	<b>8.5%</b>	<b>8.5%</b>
2. Protection of pensioners	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
3. Protection for disabled	<b>No</b>	<b>No</b>	<b>No</b>
4. Protection for families with children under the age of 5	<b>No</b>	<b>No</b>	<b>No</b>
5. Protection for recipients of war pensions	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
6. Estimated Council Tax collection rate	<b>70%</b>	<b>78%</b>	<b>70%</b>
<b>Net saving*</b>		<b>£328,050*</b>	<b>£297,570*</b>

\* **Note 1:** Note should be taken of the financial risks and assumptions in para. 4.8.1 below.

\* **Note 2 :** Projected savings should also be viewed in the context of the potential net deficit figure, that could reach £175k if council tax support expenditure increases by £250k.

**4.6.13** Transition Funding - On the 16th October ministers announced that £100m in new funding had been allocated to ‘encourage best practice’ among local authorities designing individual CTS schemes. Baroness Hanham confirmed on 16th October that councils could apply for the one year transitional grant from February 2013 - with funding to be paid out before April, when localised CTS take effect.

**4.6.14** In order to be eligible for the funding, Council’s will need to design local CTS schemes that cap local tax liabilities for working age claimants previously on full benefit at 8.5% of their bills. In addition Council’s must ensure taper rates would not increase above 25% and provide protection for claimants returning to work.

**4.6.15** The allocation of transitional funding for SBC and its preceptors would be as follows:

<b>Stevenage Borough Council</b>	£22,509
<b>Hertfordshire County Council</b>	£133,589
<b>Hertfordshire Police Authority</b>	£17,650
<b>Total</b>	<b>£173,748</b>

**4.6.16** Applications for the transitional funding can only be made after the deadline for adopting the new CTS schemes, and the application process is promised to be light touch. The Council will need to provide a written indication that its scheme is compliant with the criteria set out by the Government, signed by the Section 151 officer. The remaining financial implications within this report assume that the Council's proposed scheme would be eligible for the transitional funding. The following table highlights the revisions to the baseline financial implications since the December 2012 Executive report:

**Table 3 – Baseline financials**

	<u>December 2012</u> <u>Executive Report</u> <small>Baseline position based on report assumptions</small>	<u>January 2013</u> <u>Council Report</u> <small>Baseline position based on report assumptions</small>	<u>Variance</u> <small>Baseline position based on report assumptions</small>
CTS funding shortfall	£735,438	£742,755	£7,317
Increased revenue from Council Tax discount / exemption changes	(£408,200)	(£406,627)	(£1,573)
<b>Net potential funding shortfall for Year 1 (2013/14)</b>	<b>£327,238</b>	<b>£336,128</b>	<b>£8,890</b>
Recommended CTS Scheme Savings	(£328,050)	(£297,570)	(£30,480)
<b>Net Position (2013/14)</b>	<b>£812</b>	<b>(£38,558)</b>	<b>£39,369</b>
Transitional Funding (2013/14 only)	(£173,748)	(£173,748)	0
<b>Overall Position 2013/14 (Over) / Under-recovery</b>	<b>(£174,560)</b>	<b>(£135,191)</b>	<b>£39,369</b>

- 4.6.17** There are other variants to these potential changes, each with differing financial impacts. However, the financial savings shown in Table 3 above appear to achieve the levels of savings identified as required for 2013/14 and show a projected surplus based upon the deficit projections outlined in that table. This provides some contingency in the event of lower than expected Council Tax collection, increase in council tax support expenditure and to meet the additional savings potentially required for 2014/15 and beyond. Currently, the number of future variances and unknowns – in particular Council Tax collection rates, caps to Housing Benefit, and the introduction of Universal Credit, make it impossible to model a scheme for 2014/15 or beyond with an acceptable level of confidence.
- 4.6.18** The Council will need to determine whether to revise its CTS scheme for 2014/15 based upon experience during 2013/14. From an administrative point of view it would be advantageous if the proposed scheme runs unchanged for two years, allowing scope for alignment to a Council Tax discount scheme in 2015/16. This should coincide with a point where at least half of the working age benefits caseload will have been migrated to Universal Credit. Any proposals to amend the scheme in 2014/15 would have to be developed by the summer of 2013/14 in order to accommodate consultation and decision making requirements.
- 4.6.19** Other financial unknowns which may affect the projections stated previously are given in para. 4.8.1 below. Given the above issues, it is difficult to quantify with any accuracy the overall financial and business risks or variance in the financial model for the proposed scheme.

## **4.7 Operational Implementation and Customer Service**

- 4.7.1** Potential resource requirements arising from increased workloads and actions to mitigate customer demand arising from welfare changes, overall are also being developed with the Revenues and Benefits Partnership and the Council's Housing Service, to ensure that enquiries concerning reductions to Council Tax Support and discussions about payments and arrangements for payment are addressed wherever possible in a "single-contact".
- 4.7.2** Work is underway in the areas of software, communications and ensuring adequate resourcing is in place. This will include training and liaison with the Housing Service, Customer Service Centre and Citizens Advice Bureau. Publicity using several sources is planned which includes website; Chronicle; Housing Team information booklets.
- 4.7.3** The Council will continue to offer payment of Council Tax by 10 monthly instalments. However, customer requests to move to 12 monthly instalments will be implemented in accordance with new provisions outlined by the Government.

## 4.8 Risks and assumptions of the recommended scheme

### 4.8.1 The following risks and assumptions have been identified:

- a) **Scheme Deficit Forecasts** - The level of deficit cannot be determined with accuracy, as the Government will not be issuing final funding allocations until the end of the year. Additionally, certain data will need to be obtained from existing Council Tax Benefit claimants in preparation for the implementation of Council Tax Support. This includes for example whether they are in receipt of Disability Living Allowance.
- b) **Exemptions and Discounts Forecasts (1)** - The amendments to Council Tax exemptions and discounts outlined within this report have been modelled to mitigate £408,200 of the funding deficit, but clearly collection of this amount cannot be predicted with accuracy.
- c) **Exemptions and Discounts Forecasts (2)** - It is intended that changes to the Council Tax exemptions and discounts may have a social benefit in bringing more empty properties into use in the borough. While this would reduce the savings used in the model, each house brought into occupation would attract a New Homes Bonus equivalent to the Council Tax Band D level for each property. Although the extent of this is difficult to predict, there would be a net gain to the Council for each of the properties affected.
- d) **Caseload Forecasts** - Actual future caseload and expenditure growth cannot be determined with precise accuracy although estimates based on the profiles of current expenditure and caseload has been applied to the financial modelling.
- e) **Collection Rate Forecasts** - The actual Council Tax collection rate for the claimants affected by the changes cannot be predicted with accuracy as many have not been required to pay Council Tax previously, and are also on low incomes. To this extent, estimates have been used based on an analysis of current collection rates for the different groups of customers affected.
- f) **Software Changes (1)** - Assurances have been given by software supplier that they will work with Revenues & Benefits Partnership to deliver the changes proposed in our scheme. Whilst this does provide a degree of confidence, it does however mean that in the event of a failure to deliver the required software, implementation of the scheme could be compromised and the financial savings anticipated may not be realised.
- g) **Software Changes (2)** - As the IT software was not available from the supplier until after statute was passed, testing started later than would normally be required in order to carry out annual billing and year-end processes. This means that testing and application of the software will be

conducted in a short timescale and any issues identified as a consequence may not be resolved before Council Tax bills are issued.

- h) **Impacts of Universal Credit** - The impact and effects of Universal Credit (UC) are unclear, especially for Year 2 and beyond. The scheme proposes that claimants in receipt of Universal Credit will be liable to pay the first 8.5% of their Council Tax liability..
- i) **Increased Administration Costs** - The impact of the recommended scheme on costs of Council Tax collection have not been included within the deficit modelling as they are subject to agreement with Revenues & Benefits Partnership. These discussions will be finalised once a decision on the final scheme has been made by the Council.
- j) **Collection Fund** - Diminution of anticipated Council Tax receipts could result in a Collection Fund deficit position at the end of a financial year, particularly as precept payments at present have to be paid to the County Council and Police Authority at an agreed monthly rate, irrespective of Council Tax sums collected. The potential for entering into risk share arrangements with the both preceptors has been raised to evaluate whether this option may provide a means of mitigation should such a situation occur. It is currently unclear as to whether this will be regulated by statute or by local agreement, although in either case, it is considered likely to have defined percentage trigger points in place to give flexibility to vary in year precept payments. If a local agreement was required, the County Council and Police Authority would most likely wish to adopt a Hertfordshire wide policy.
- k) **Bad Debt Provision** - A potential risk arising from the recommended changes is a drop in Council Tax collection rates and hence an increase in bad debt provision. Reductions to budgeted collection rates also affect the level at which the Council Tax base set, this in turn is used to determine the Band D Council Tax level.
- l) **Failure to Agree Scheme** - If the Council is unable to agree its CTS scheme by 31 January 2013, the “default” scheme will have to be applied, with the effect that the level of financial savings required to meet the funding gap will not be achieved. This would require the shortfall to be found either by making savings elsewhere or increasing the level of Council Tax. Budget planning for 2013/14 will be at an advanced stage at this point and there will be limited time to implement plans that would enable full year savings to be achieved from other initiatives.
- m) **Discretionary Discounts** - The use of Section 13A discounts under the Local Government Finance Act 1992 may increase as a consequence of the recommended changes and the wider welfare reforms and will need to be met by the General Fund.

## 4.9 Legal Implications



**4.9.1** The Local Government Finance (LGF) Act came into force on 31<sup>st</sup> October 2012.

**4.9.2** Details as to what is set out in the LGF Act in relation to local authorities setting up Council Tax Support / Reduction schemes are set out below.

**4.9.3 Requirements of Council Tax Support scheme** - The Local Government Finance Act 2012 prescribes the content of a CTS scheme. Under the Act a CTS scheme must state the following:

- (1) A scheme must state the classes of persons who are to be entitled to a reduction under the scheme;
- (2) A scheme must set out the reduction to which persons in each class are to be entitled, and different reductions may be set out for different classes;
- (3) A scheme must state the procedure by which a person may apply for a reduction under a scheme;
- (4) A scheme must state the procedure by which a person can make an appeal against any decision of the authority which affects (a) the person's entitled to a reduction under the scheme, or (b) the amount of any reduction to which the person is entitled;
- (5) A scheme must state the procedure by which a person can apply to the authority for a reduction.

As for stating the classes of people who are to be entitled to a reduction under a scheme, classes may be determined by reference to the following:

- (1) The income of any person liable to pay council tax on the authority in respect of a dwelling;
- (2) The capital of any such person;
- (3) The income and capital of any other person who is a resident of the dwelling;
- (4) The number of dependants of any person within paragraph (2) or (3) above;
- (5) Whether the person has made an application for the reduction.

As for stating the reduction to which persons in each class are to be entitled and if different reductions are set out for different classes, a reduction may include the following detail:

- (a) A discount calculated as a percentage of the amount which would be payable apart from the scheme;
- (b) A discount of an amount set out in the scheme or to be calculated in accordance with the scheme;
- (c) Expressed as an amount of council tax to be paid (lower than the amount which would be payable apart from the scheme) which is set out in the scheme or is to be calculated in accordance with it; or
- (d) The whole amount of Council Tax (so that the amount payable is nil).

The LGF Act states that for each financial year, Councils must consider whether to revise its CTS scheme or replace it with another scheme and that such decisions need to be made by 31st January in the financial year preceding that for which the revision or replacement scheme is to take effect. If the Council does not make a CTS scheme by 31st January 2013, a default scheme will be imposed on the Council which will be effective from April 2013, the effect of which has been set out above in this report. Regulations on the working of the default scheme have been published.

**4.9.4 Consultation** - The LGF Act states that the Council must consult with the County Council and Police Authority, which are precepting bodies, when preparing a CTS scheme and that thereafter, the Council must publish a draft CTS scheme and then consult with other such persons who are likely to have an interest in the operation of such a scheme. Thereafter, the Council (i.e. Full Council) has to adopt a CTS scheme by 31 January 2013 and publish that scheme, failing which a default scheme will be imposed on the Council.

**4.9.5** Although the Government's code of practice on consultation states that normally a period of 12 weeks of consultation is appropriate, DCLG has stated in its Statement of Intent that local authorities may wish to consider the appropriate length of consultation depending on the impact of their proposals and the ability to complete the consultation exercise within their budgetary timetables. As set out in this report, the consultation period regarding the Council's CTS scheme proposals was set for 9 weeks. This was in order to allow sufficient time for the consultation to be considered and analysed for the Council to go through its internal decision making processes, including Executive and then to Full Council. The other reason for the shorter consultation period is so that a decision would fit in with the Council's budget cycle, as decisions regarding the Council's budget for 2013/14 will be at an advanced stage by December 2012. The deadline for the CTS scheme to be approved by Full Council is 31st January 2013. If this deadline is not met, a default scheme will be imposed on the Council, as has been explained in para. 4.9.3 above in this report, and will be effective from April 2013.

**4.9.6 Public Sector Equality Duty** - The public sector equality duty, as set out in section 149 of the 2010 Equality Act, requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who have a "protected characteristic" and those who do not share that protected characteristic.

The detailed Equality Impact Assessment for the proposed CTS Scheme is set out in Appendix D to this report. A summary of which is shown in para. 4.4.20.

**4.9.7 Council and Scrutiny** - The LGF Act 2012 prescribes that the decision to make a CTS Scheme must be made by Council by 31 January 2013. Three meetings of the Resources Development and Scrutiny Committee were held during the development of the CTS scheme. The most recent meeting on the

26th November 2012 scrutinised the proposed scheme and the following is a summary of the areas covered and comments made:

- a) The new scheme design was outlined by officers. There was general agreement that the funding deficit should be addressed through a reduction across all working age claimants.
- b) The Equalities Impact Assessment was reviewed. Claimant groups that were disproportionately affected through the proposals were challenged further by members.
- c) Members queried whether all the required regulations were now available to ensure the final scheme design was compliant. Officers confirmed that some details were still to be provided, however it was believed sufficient information was available to ensure our scheme was compliant with the new legislation.
- d) The financial risks associated with the new scheme were challenged by members. Concerns were expressed over the level of financial risk the Council's General Fund now faced. Assurances were sought from the Strategic Director (Resources) about bad debt levels, collection arrangements and the financial assumptions contained within the modelling.
- e) Changes to Council Tax Exemptions were reviewed, and members acknowledged that no grace periods were being recommended within the proposals.
- f) In conclusion, the Resources D&S committee understood the changes to CTS were going to create further difficulties for some of the most financially vulnerable in our society, but felt the scheme as proposed was the most fairest and sustainable approach that could be taken at this
- g) stage. Members asked the Strategic Director (Resources) to ensure the scheme remained under continuous review during the first year of implementation.

## **BACKGROUND PAPERS**

The Local Government Finance Bill 2012

<http://services.parliament.uk/bills/2012-13/localgovernmentfinance/documents.html>

The Local Government Finance Act 2012

<http://www.legislation.gov.uk/ukpga/2012/17/contents/enacted>

Statutory Instrument 2012 / 2885

<http://www.legislation.gov.uk/uksi/2012/2885/contents/made>

DCLG Statement of Intent

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6090/2176498.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6090/2176498.pdf)

DCGL Policy document - Vulnerable People and Key Local Authority Duties  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6074/2148567.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6074/2148567.pdf)

DCLG Policy Document – Taking work incentives into account  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6075/2148501.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6075/2148501.pdf)

Policy Document – Information Sharing and Powers to Tackle Fraud  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6090/2176498.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6090/2176498.pdf)

Child Poverty Act 2010  
[http://www.legislation.gov.uk/ukpga/2010/9/pdfs/ukpga\\_20100009\\_en.pdf](http://www.legislation.gov.uk/ukpga/2010/9/pdfs/ukpga_20100009_en.pdf)

Disabled Persons Act 1986  
[http://www.legislation.gov.uk/ukpga/1986/33/pdfs/ukpga\\_19860033\\_en.pdf](http://www.legislation.gov.uk/ukpga/1986/33/pdfs/ukpga_19860033_en.pdf)

Chronically Sick and Disabled Persons Act 1970  
[http://www.legislation.gov.uk/ukpga/1970/44/pdfs/ukpga\\_19700044\\_en.pdf](http://www.legislation.gov.uk/ukpga/1970/44/pdfs/ukpga_19700044_en.pdf)

Equality Act 2010, section 149  
<http://www.legislation.gov.uk/ukpga/2010/15/section/149>

Armed Forces Covenant  
[http://www.mod.uk/NR/rdonlyres/4E9E2014-5CE6-43F2-AE28-B6C5FA90B68F/0/Armed\\_Forces\\_Covenant.pdf](http://www.mod.uk/NR/rdonlyres/4E9E2014-5CE6-43F2-AE28-B6C5FA90B68F/0/Armed_Forces_Covenant.pdf)

National Assistance Act 1948  
[http://www.legislation.gov.uk/ukpga/1948/29/pdfs/ukpga\\_19480029\\_en.pdf](http://www.legislation.gov.uk/ukpga/1948/29/pdfs/ukpga_19480029_en.pdf)

## **APPENDICES**

Appendix A - Council Tax Support Scheme – Easy Read Guide

Appendix B - Proposed Council Tax Support Scheme

Appendix C - Consultation Full Report

Appendix D - Equalities Impact Assessment

Appendix E – Extract from Minutes of the meeting of the Executive (11 December 2012)